

**ARIZONA CORPORATION COMMISSION**  
**UTILITIES DIVISION**

**ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY**



W-02860A  
Naco Water Company, L.L.C.  
P. O. Box 85160  
Tucson, AZ 85754

**RECEIVED**

APR 06 2006

**Z Corporation Commissi  
Director of Utilities**

**ANNUAL REPORT**

**FOR YEAR ENDING**

12	31	2005
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FOR COMMISSION USE

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4-6-06  
RF

## COMPANY INFORMATION

<b>Company Name (Business Name)</b> <u>NACO WATER COMPANY, LLC</u>		
<b>Mailing Address</b> <u>PO BOX 85160</u>		
<u>TUCSON</u> (City)	<u>ARIZONA</u> (State)	<u>85754</u> (Zip)
<u>(520) 623-5172</u> Telephone No. (Include Area Code)	<u>(520) 792-0377</u> Fax No. (Include Area Code)	<u></u> Pager/Cell No. (Include Area Code)
<b>Email Address</b> _____		
<b>Local Office Mailing Address</b> <u>SAME</u>		
<u>SAME</u> (City)	<u>SAME</u> (State)	<u></u> (Zip)
<u></u> Local Office Telephone No. (Include Area Code)	<u></u> Fax No. (Include Area Code)	<u></u> Pager/Cell No. (Include Area Code)
<b>Email Address</b> _____		

## MANAGEMENT INFORMATION

<b>Management Contact:</b> <u>SOUTHWESTERN UTILITY MANAGEMENT COMPANY</u>			
<u>BONNIE O'CONNOR</u> (Name)		<u>VICE PRESIDENT</u> (Title)	
<u>PO BOX 85160</u> (Street)	<u>TUCSON</u> (City)	<u>ARIZONA</u> (State)	<u>85754</u> (Zip)
<u>(520) 623-5172</u> Telephone No. (Include Area Code)	<u></u> Fax No. (Include Area Code)	<u></u> Pager/Cell No. (Include Area Code)	
<b>Email Address</b> _____			
<b>On Site Manager:</b> <u>STEVE SIEGFRIED</u>			
<u></u> (Name)			
<u>PO BOX 85160</u> (Street)	<u>TUCSON</u> (City)	<u>AZ</u> (State)	<u>85754</u> (Zip)
<u>(520) 490-4451</u> Telephone No. (Include Area Code)	<u>(520) 792-0377</u> Fax No. (Include Area Code)	<u></u> Pager/Cell No. (Include Area Code)	
<b>Email Address</b> _____			

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

<b>Statutory Agent:</b> <u>MARTY RYAN, LTD</u>			
(Name)			
6262 N. SWAN RD., SUITE 290,	TUCSON	AZ	85718-3600
(Street)	(City)	(State)	(Zip)
(520) 299-8117	(520) 299-7860		
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
<b>Attorney:</b> <u>MARTY RYAN, LTD</u>			
(Name)			
SAME			
(Street)	(City)	(State)	(Zip)
SAME	SAME		
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

### **OWNERSHIP INFORMATION**

Check the following box that applies to your company:

- |   |   |
|---|---|
| <input type="checkbox"/> Sole Proprietor (S)    | <input type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P)        | <input type="checkbox"/> Subchapter S Corporation (Z)                     |
| <input type="checkbox"/> Bankruptcy (B)         | <input type="checkbox"/> Association/Co-op (A)                            |
| <input type="checkbox"/> Receivership (R)       | <input checked="" type="checkbox"/> Limited Liability Company             |
| <input type="checkbox"/> Other (Describe) _____ |   |

### **COUNTIES SERVED**

Check the box below for the county/ies in which you are certificated to provide service:

- |                                     |   |                                   |
|-------------------------------------|---|-----------------------------------|
| <input type="checkbox"/> APACHE     | <input checked="" type="checkbox"/> COCHISE | <input type="checkbox"/> COCONINO |
| <input type="checkbox"/> GILA       | <input type="checkbox"/> GRAHAM             | <input type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ     | <input type="checkbox"/> MARICOPA           | <input type="checkbox"/> MOHAVE   |
| <input type="checkbox"/> NAVAJO     | <input type="checkbox"/> PIMA               | <input type="checkbox"/> PINAL    |
| <input type="checkbox"/> SANTA CRUZ | <input type="checkbox"/> YAVAPAI            | <input type="checkbox"/> YUMA     |
| <input type="checkbox"/> STATEWIDE  |   |                                   |

**COMPANY NAME**

NACO WATER COMPANY, LLC

**UTILITY PLANT IN SERVICE**

<b>Acct. No.</b>	<b>DESCRIPTION</b>	<b>Original Cost (OC)</b>	<b>Accumulated Depreciation (AD)</b>	<b>O.C.L.D. (OC less AD)</b>
301	Organization	198.00	N/A	198.00
302	Franchises	-0-	N/A	-0-
303	Land and Land Rights	4,345.00	N/A	4,345.00
304	Structures and Improvements	5,918.00	1,688.00	4,230.00
307	Wells and Springs	77,391.00	28,287.00	49,104.00
311	Pumping Equipment	132,579.00	56,080.00	76,499.00
320	Water Treatment Equipment	1,971.00	733.00	1,238.00
330	Distribution Reservoirs and Standpipes	136,659.00	43,719.00	92,940.00
331	Transmission and Distribution Mains	512,866.00	132,104.00	380,763.00
333	Services	37,949.00	14,571.00	23,379.00
334	Meters and Meter Installations	28,061.00	17,035.00	11,025.00
335	Hydrants	34,717.00	9,197.00	25,520.00
336	Backflow Prevention Devices	-0-	-0-	-0-
339	Other Plant and Misc. Equipment	-0-	-0-	-0-
340	Office Furniture and Equipment	9,202.00	9,057.00	145.00
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment	140.00	52.00	88.00
344	Laboratory Equipment			
345	Power Operated Equipment	2,818.00	2,818.00	-0-
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	<b>TOTALS</b>	<b>984,814.00</b>	<b>315,341.00</b>	<b>669,473.00</b>

This amount goes on the Balance Sheet Acct. No. 108 

COMPANY NAME

NACO WATER COMPANY, LLC

**CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR**

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization	.00	N/A	N/A
302	Franchises	-0-	N/A	N/A
303	Land and Land Rights	4,345.00	N/A	N/A
304	Structures and Improvements	5,918.00	5%	223.00
307	Wells and Springs	77,391.00	5%	2,584.00
311	Pumping Equipment	132,579.00	5%	4,026.00
320	Water Treatment Equipment	1,971.00	5%	65.00
330	Distribution Reservoirs and Standpipes	136,659.00	5%	4,892.00
331	Transmission and Distribution Mains	512,866.00	5%	20,040.00
333	Services	37,950.00	5%	1,230.00
334	Meters and Meter Installations	28,060.00	5%	580.00
335	Hydrants	34,717.00	5%	1,343.00
336	Backflow Prevention Devices	-0-	5%	-0-
339	Other Plant and Misc. Equipment	-0-	5%	-0-
340	Office Furniture and Equipment	9,202.00	5%	8.00
341	Transportation Equipment	-0-	5%	-0-
343	Tools, Shop and Garage Equipment	140.00	5%	5.00
344	Laboratory Equipment	-0-	5%	-0-
345	Power Operated Equipment	2,818.00	5%	Fully Depr.
346	Communication Equipment	-0-	5%	-0-
347	Miscellaneous Equipment	-0-	5%	-0-
348	Other Tangible Plant	-0-	5%	-0-
	<b>TOTALS</b>	<b>984,813.00</b>		<b>34,996.00</b>

This amount goes on the Comparative Statement of Income and Expense \_\_\_\_\_  
 Acct. No. 403.

**BALANCE SHEET**

Acct .No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>ASSETS</b>		
	<b>CURRENT AND ACCRUED ASSETS</b>		
131	Cash	\$ 2,200.40	\$ 6,874.80
134	Working Funds *WIFA SET ASIDE	17,769.93	36,383.56
135	Temporary Cash Investments	-0-	-0-
141	Customer Accounts Receivable	22,336.44	24,072.62
146	Notes/Receivables from Associated Companies	-0-	-0-
151	Plant Material and Supplies	-0-	-0-
162	Prepayments	-0-	-0-
174	Miscellaneous Current and Accrued Assets **	2,560.35	10,329.93
	<b>TOTAL CURRENT AND ACCRUED ASSETS</b>	\$ 44,867.12	\$ 77,660.91
	<b>FIXED ASSETS</b>		
101	Utility Plant in Service	\$ 952,882.24	\$ 984,813.69
103	Property Held for Future Use	-0-	-0-
105	Construction Work in Progress	-0-	-0-
108	Accumulated Depreciation – Utility Plant Corrected	(325,056.00)	(315,341.00)
121	Non-Utility Property	-0-	-0-
122	Accumulated Depreciation – Non Utility	-0-	-0-
	<b>TOTAL FIXED ASSETS</b>	\$ 627,826.24	\$ 669,472.69
	<b>TOTAL ASSETS</b>	\$ 672,693.36	\$ 747,133.60

**NOTE:** The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

\* MONEY COLLECTED FOR REPAYMENT OF WIFA LOAN

\*\* WIFA RESERVE FUND (FOR REPAIR AND REPLACEMENT)

COMPANY NAME

NACO WATER COMPANY, LLC

**BALANCE SHEET (CONTINUED)**

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>LIABILITIES</b>		
	<b>CURRENT LIABILITES</b>		
231	Accounts Payable	\$ 29,983.13	\$ 98,630.55
232	Notes Payable (Current Portion)	17,000.00	17,000.00
234	Notes/Accounts Payable to Associated Companies	-0-	-0-
235	Customer Deposits *	13,801.00	14,132.89
236	Accrued Taxes	700.06	868.08
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities	45.85	45.85
	<b>TOTAL CURRENT LIABILITIES</b>	\$ 61,530.04	\$ 130,677.37
	<b>LONG-TERM DEBT (Over 12 Months)</b>		
224	Long-Term Notes and Bonds	\$ 481,300.97	\$ 450,613.16
	<b>DEFERRED CREDITS</b>		
251	Unamortized Premium on Debt	\$ -0-	\$ -0-
252	Advances in Aid of Construction	-0-	-0-
255	Accumulated Deferred Investment Tax Credits	-0-	-0-
271	Contributions in Aid of Construction	33,286.00	36,833.16
272	Less: Amortization of Contributions	(13,449.50)	(15,113.80)
281	Accumulated Deferred Income Tax		
	<b>TOTAL DEFERRED CREDITS</b>	\$ 19,836.50	\$ 21,719.36
	<b>TOTAL LIABILITIES</b>	\$ 562,667.51	\$ 603,009.89
	<b>CAPITAL ACCOUNTS</b>		
201	Common Stock Issued	\$ -0-	\$ -0-
211	Paid in Capital in Excess of Par Value	-0-	-0-
215	Retained Earnings	(32,798.46)	1,299.40
218	Proprietary Capital (Sole Props and Partnerships)	142,824.31	142,824.31
	<b>TOTAL CAPITAL</b>	\$ 110,025.85	\$ 144,123.71
	<b>TOTAL LIABILITIES AND CAPITAL</b>	\$ 672,693.36	\$ 747,133.60

12/31/05 \* METER DEPOSITS - \$8,637.50  
SECURITY DEPOSITS - \$5,495.39

**COMPARATIVE STATEMENT OF INCOME AND EXPENSE**

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 160,919.46	\$ 172,504.34
460	Unmetered Water Revenue	-0-	-0-
474	Other Water Revenues	2,747.23	2,052.58
	<b>TOTAL REVENUES</b>	<b>\$ 163,666.69</b>	<b>\$ 174,556.92</b>
	<b>OPERATING EXPENSES</b>		
601	Salaries and Wages	\$ 16,203.56	\$ 14,569.91
610	Purchased Water	-0-	-0-
615	Purchased Power	9,357.36	10,638.23
618	Chemicals	2,145.40	1,780.08
620	Repairs and Maintenance	2,950.15	18,690.57
621	Office Supplies and Expense	4,164.65	4,407.81
630	Outside Services	52,458.60	51,991.73
635	Water Testing	2,980.71	3,599.92
641	Rents	2,400.00	2,400.00
650	Transportation Expenses	5,839.64	5,524.56
657	Insurance – General Liability	2,896.00	3,312.00
659	Insurance - Health and Life	2,574.36	2,168.36
666	Regulatory Commission Expense – Rate Case	-0-	4,163.65
675	Miscellaneous Expense	100.74	-0-
403	Depreciation Expense *(LESS AMORT. EXT.)	45,856.70	33,331.70
408	Taxes Other Than Income	-0-	-0-
408.11	Property Taxes	9,762.05	10,322.85
409	Income Tax	-0-	-0-
	<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 158,689.92</b>	<b>\$ 166,901.37</b>
	<b>OPERATING INCOME/(LOSS)</b>	<b>\$ 4,977.37</b>	<b>\$ 7,655.55</b>
	<b>OTHER INCOME/(EXPENSE)</b>		
419	Interest and Dividend Income	\$ 157.68	\$ 374.48
421	Non-Utility Income	68.65	131.31
426	Miscellaneous Non-Utility Expenses	-0-	-0-
427	Interest Expense **	16,461.00	17,489.24
	<b>TOTAL OTHER INCOME/(EXPENSE)</b>	<b>\$ (16,234.70)</b>	<b>\$ (16,983.45)</b>
	<b>NET INCOME/(LOSS)</b>	<b>\$ (11,257.33)</b>	<b>\$ (9,327.90)</b>

\* AMORT. EXP. 2005: \$1,664.30

\*\* WIFA INT.: \$3,423.33 ; WIFA FEE EXP.: \$13,972.83 ; SECURITY DEP. INT: \$93.08



**COMPANY NAME**

NACO WATER COMPANY, LLC

**SUPPLEMENTAL FINANCIAL DATA****Long-Term Debt**

	<b>LOAN #1</b>	<b>LOAN #2</b>	<b>LOAN #3</b>	<b>LOAN #4</b>
Date Issued	5/3/99			
Source of Loan	WIFA			
ACC Decision No.	61070			
Reason for Loan	System Upgrade			
Dollar Amount Issued	\$ 671,000.00	\$	\$	\$
Amount Outstanding	\$ 450,613.00	\$	\$	\$
Date of Maturity	5/03/2019			
Interest Rate	3.375 %	%	%	%
Current Year Interest	\$ 3,423.33	\$	\$	\$
Current Year Principle	\$ 30,688.00	\$	\$	\$

Meter Deposit Balance at Test Year End

\$ 8,637.50

Meter Deposits Refunded During the Test Year

\$ 1,368.50

COMPANY NAME

NACO WATER COMPANY, L.L.C.

**WATER COMPANY PLANT DESCRIPTION****WELLS**

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
550575700	15	182	410	10	4	1999
55-627683	10	80	312	8	3	1997
55-203321	5	35	312	6	2	2004
55-627685	15	85	450	8	4	1995

\* Arizona Department of Water Resources Identification Number

**OTHER WATER SOURCES**

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
NONE		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
5	2 @ #2 1 @ #3	18	
7.5	2 @ #4		
15	2 @ #6		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
20,000	1 @ #2	2,000	2 @ #2 & #4
7,500	1 @ #3	750	1 @ #3
20,000	1 @ #4	5,000	1 @ #6
50,000	1 @ #6		

**COMPANY NAME** Naco Water Company, L.L.C.

**WATER COMPANY PLANT DESCRIPTION (CONTINUED)**

**MAINS**

Size (in inches)	Material	Length (in feet)
2	PVC/STEEL	11,470
3	ABS	1,160
4	PVC/ABS	9,825
5		
6	PVC	13,240
8		
10		
12		
2 1/2	PVC	1,100
1	PVC/STEEL	6,180
1 1/2	PVC	3,000

**CUSTOMER METERS**

Size (in inches)	Quantity
5/8 X 3/4	351
3/4	
1	5
1 1/2	6
2	5
Comp. 3	
Turbo 3	
Comp. 4	
Tubo 4	
Comp. 6	
Tubo 6	

**For the following three items, list the utility owned assets in each category.**

**TREATMENT EQUIPMENT:**

4 CHLORINATORS

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**STRUCTURES:**

1,100' of Fence

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**OTHER:**

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COMPANY NAME: Naco Water Company, L.L.C.

**WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2004**

PWS #02-133

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLON PUMPED (Thousands)
JANUARY	10	46,280	46
FEBRUARY	10	36,620	36
MARCH	10	33,310	33
APRIL	10	45,270	46
MAY	10	70,990	71
JUNE	10	78,590	83
JULY	10	79,750	83
AUGUST	10	42,200	43
SEPTEMBER	10	41,640	44
OCTOBER	10	37,200	44
NOVEMBER	10	42,940	45
DECEMBER	10	51,540	59
TOTAL		N/A	633

606,330

Is the Water Utility located in an ADWR Active Management Area (AMA)?

( ) Yes

(x) No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?

( ) Yes

(x) No

If yes, provide the GPCPD amount: \_\_\_\_\_

What is the level of arsenic for each well on your system. N/A mg/l  
(If more than one well, please list each separately.)

*Note: If you are filing for more than one system, please provide separate data sheets for each system.*

COMPANY NAME: Naco Water Company, L.L.C.

**WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2004**

PWS #02-024

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLON PUMPED (Thousands)
JANUARY	283	1,628,510	1,931
FEBRUARY	283	1,406,890	1,763
MARCH	283	1,553,910	1,772
APRIL	285	2,563,250	2,847
MAY	285	2,492,700	2,751
JUNE	285	2,615,090	3,147
JULY	285	2,552,750	3,310
AUGUST	285	1,726,870	2,690
SEPTEMBER	285	1,651,820	2,729
OCTOBER	285	1,875,630	3,078
NOVEMBER	285	1,625,000	2,117
DECEMBER	285	1,408,010	1,810
TOTAL		23,004,30	29,945

Is the Water Utility located in an ADWR Active Management Area (AMA)?

( ) Yes

(x) No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?

( ) Yes

(x) No

If yes, provide the GPCPD amount: \_\_\_\_\_

What is the level of arsenic for each well on your system. 0.0050  
0.0088 mg/l  
(If more than one well, please list each separately.)

*Note: If you are filing for more than one system, please provide separate data sheets for each system.*

COMPANY NAME: Naco Water Company, L.L.C.

**WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2004**

PWS #02-112

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLON PUMPED (Thousands)
JANUARY	71	297,840	628
FEBRUARY	71	257,510	394
MARCH	71	235,410	347
APRIL	71	396,010	531
MAY	71	462,930	641
JUNE	71	588,900	752
JULY	71	630,640	863
AUGUST	71	330,430	523
SEPTEMBER	71	327,960	663
OCTOBER	71	320,310	507
NOVEMBER	71	411,420	455
DECEMBER	71	340,870	410
TOTAL		4,600,330	6,714

Is the Water Utility located in an ADWR Active Management Area (AMA)?

( ) Yes

(X) No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?

( ) Yes

(X) No

If yes, provide the GPCPD amount: \_\_\_\_\_

What is the level of arsenic for each well on your system. 0.0026 mg/l  
(If more than one well, please list each separately.)

*Note: If you are filing for more than one system, please provide separate data sheets for each system.*

**COMPANY NAME** NACO WATER COMPANY, L.L.C. **YEAR ENDING 12/31/2005**

**PROPERTY TAXES**

Amount of actual property taxes paid during Calendar Year 2005 was: \$ 10,322.85

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

VERIFICATION  
AND  
SWORN STATEMENT  
Taxes

**RECEIVED**  
APR 06 2006  
Z Corporation Commission  
Director of Utilities

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED  
OF THE

COUNTY OF (COUNTY NAME)
COCHISE
NAME (OWNER OR OFFICIAL) TITLE
SALIM S. DOMINGUEZ, JR.
COMPANY NAME
NACO WATER CO., L.L.C.

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

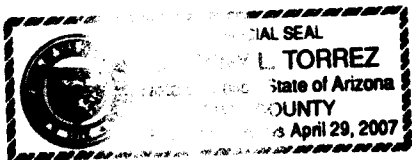
MONTH	DAY	YEAR
12	31	2005

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.



Salim S. Dominguez, Jr.  
SIGNATURE OF OWNER OR OFFICIAL  
(520) 623-5172  
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

3

DAY OF

(SEAL)

COUNTY NAME	Pima
MONTH	April 2006

MY COMMISSION EXPIRES April 29 2007

John P. [Signature]  
SIGNATURE OF NOTARY PUBLIC



COMPANY NAME NACO WATER COMPANY, L.L.C.

YEAR ENDING 12/31/2005

**INCOME TAXES**

For this reporting period, provide the following:

Federal Taxable Income Reported	<u>(25,048)</u>
Estimated or Actual Federal Tax Liability	<u>0</u>

State Taxable Income Reported	<u>(25,048)</u>
Estimated or Actual State Tax Liability	<u>0</u>

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances	<u>\$ 36,833.00</u>
Amount of Gross-Up Tax Collected	<u>-0-</u>
Total Grossed-Up Contributions/Advances	<u>\$ 36,833.00</u>

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

**CERTIFICATION**

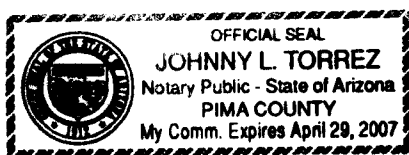
The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

*Salim S. Dominguez, Jr.*  
SIGNATURE

4/3/2006  
DATE

SALIM S. DOMINGUEZ, JR.  
PRINTED NAME

MEMBER  
TITLE



*John [Signature]*  
APRIL 3, 2006

VERIFICATION  
AND  
SWORN STATEMENT  
Intrastate Revenues Only

RECEIVED

APR 06 2006

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	COCHISE
NAME (OWNER OR OFFICIAL) TITLE	SALIM S. DOMINGUEZ, JR.
COMPANY NAME	NACO WATER COMPANY, L.L.C.

Z Corporation Commissic  
Director of Utilities

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

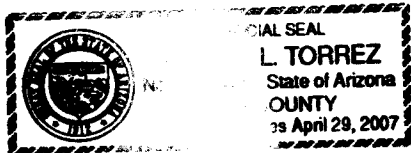
FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2005

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2005 WAS:



Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 185,363.81

(THE AMOUNT IN BOX ABOVE  
INCLUDES \$ 10,806.89  
IN SALES TAXES BILLED, OR COLLECTED)

\*\*REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 3 DAY OF

(SEAL)

MY COMMISSION EXPIRES April 29, 2007

Salim S. Dominguez, Jr.  
SIGNATURE OF OWNER OR OFFICIAL  
(520) 623-5172  
TELEPHONE NUMBER

COUNTY NAME	<u>Pima</u>
MONTH	<u>April</u>
	<u>2006</u>

[Signature]  
SIGNATURE OF NOTARY PUBLIC

VERIFICATION  
AND  
SWORN STATEMENT  
**RESIDENTIAL REVENUE**  
INTRASTATE REVENUES ONLY

**RECEIVED**

APR 06 2006

**Z Corporation Commission**  
**Director of Utilities**

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) COCHISE	
NAME (OWNER OR OFFICIAL) SALIM S. DOMINGUEZ, JR.	TITLE MEMBER
COMPANY NAME NACO WATER COMPANY, L.L.C.	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION  
FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2005

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**

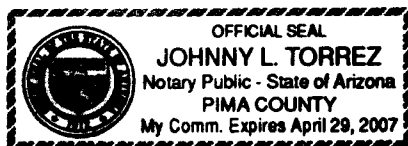
IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2005 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

\$ 154,684.91

(THE AMOUNT IN BOX AT LEFT  
INCLUDES \$ 9,048.53  
IN SALES TAXES BILLED, OR COLLECTED)

\*RESIDENTIAL REVENUE REPORTED ON THIS PAGE  
MUST INCLUDE SALES TAXES BILLED.



SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

3

DAY OF

(SEAL)

MY COMMISSION EXPIRES Apr 29, 2007

SIGNATURE OF OWNER OR OFFICIAL

(520) 623-5172

TELEPHONE NUMBER

NOTARY PUBLIC NAME JOHNNY L. TORREZ	
COUNTY NAME PIMA	
MONTH April	.2006

X

SIGNATURE OF NOTARY PUBLIC

MARSHA BONHAM  
COCHISE CO TREASURER  
P O BOX 1778  
BISBEE AZ 85603

TAX ROLL NUMBER	112996
PARCEL IDENTIFICATION	918-02-373 2
TAX AREA CODE	2373

RECEIPT REQUESTED (X)

NACO WATER CO  
10050 E DISCOVERY DR  
TUCSON AZ85748

\*IF TOTAL TAX DUE IS \$100.00 OR LESS FULL AMOUNT IS DUE NOW.  
SEE PAYMENT INSTRUCTIONS ON REVERSE SIDE OF NOTICE.  
ENTER ADDRESS CORRECTION ON THE BACK OF THIS COUPON.

2004 2ND HALF COUPON

TO PAY 2ND HALF PAY 1,849.86

NOTE: 2nd HALF TAXES DELINQUENT AFTER MAY 1, 2005



0291802373002200400000184986  
DOR Form PTXBL (2/2004)

PLEASE RETURN THIS PORTION WITH PAYMENT TO:

MARSHA BONHAM  
COCHISE CO TREASURER  
P O BOX 1778  
BISBEE AZ 85603

TAX ROLL NUMBER	112995
PARCEL IDENTIFICATION	918-02-370 3
TAX AREA CODE	2370

RECEIPT REQUESTED (X)

NACO WATER CO  
10050 E DISCOVERY DR  
TUCSON AZ85748

\*IF TOTAL TAX DUE IS \$100.00 OR LESS FULL AMOUNT IS DUE NOW.  
SEE PAYMENT INSTRUCTIONS ON REVERSE SIDE OF NOTICE.  
ENTER ADDRESS CORRECTION ON THE BACK OF THIS COUPON.

2004 2ND HALF COUPON

TO PAY 2ND HALF PAY 216.65

NOTE: 2nd HALF TAXES DELINQUENT AFTER MAY 1, 2005



0291802370003200400000021665  
DOR Form PTXBL (2/2004)

MARSHA BONHAM  
COCHISE CO TREASURER  
P O BOX 1778  
BISBEE AZ 85603

TAX ROLL NUMBER	112994
PARCEL IDENTIFICATION	918-00-271 3
TAX AREA CODE	0271

RECEIPT REQUESTED (X)

NACO WATER CO  
10050 E DISCOVERY DR  
TUCSON AZ85748

\*IF TOTAL TAX DUE IS \$100.00 OR LESS FULL AMOUNT IS DUE NOW.  
SEE PAYMENT INSTRUCTIONS ON REVERSE SIDE OF NOTICE.  
ENTER ADDRESS CORRECTION ON THE BACK OF THIS COUPON.

2004 2ND HALF COUPON

TO PAY 2ND HALF PAY 2,516.43

NOTE: 2nd HALF TAXES DELINQUENT AFTER MAY 1, 2005



0291800271003200400000251643  
DOR Form PTXBL (2/2004)

PLEASE RETURN THIS PORTION WITH PAYMENT TO:

MARSHA BONHAM  
COCHISE CO TREASURER  
P O BOX 1778  
BISBEE AZ 85603

TAX ROLL NUMBER	112993
PARCEL IDENTIFICATION	918-00-200 7
TAX AREA CODE	0200

RECEIPT REQUESTED (X)

NACO WATER CO  
10050 E DISCOVERY DR  
TUCSON AZ85748

\*IF TOTAL TAX DUE IS \$100.00 OR LESS FULL AMOUNT IS DUE NOW.  
SEE PAYMENT INSTRUCTIONS ON REVERSE SIDE OF NOTICE.  
ENTER ADDRESS CORRECTION ON THE BACK OF THIS COUPON.

2004 2ND HALF COUPON

TO PAY 2ND HALF PAY 344.53

NOTE: 2nd HALF TAXES DELINQUENT AFTER MAY 1, 2005



0291800200007200400000034453  
DOR Form PTXBL (2/2004)

NACO WATER COMPANY, LLC 10/94

P.O. BOX 85160  
TUCSON, AZ 85754  
(520) 623-5172

BANK OF AMERICA

91-170/1221

1563

4/13/2005

PAY TO THE  
ORDER OF

Marsha Bonham, Cochise County Treasurer

\$ \*\*4,927.47

Four Thousand Nine Hundred Twenty-Seven and 47/100\*\*\*\*\*

DOLLARS

Marsha Bonham, Cochise County Treasurer

MEMO

AUTHORIZED SIGNATURE

⑈001563⑈ ⑆122101706⑆ 000003797676⑈

NACO WATER COMPANY, LLC

Marsha Bonham, Cochise County Treasurer

4/13/2005

1563

Date	Type	Reference	Original Amt.	Balance Due	Discount	Payment
03/28/2005	Bill	2nd Half Prop 2004	2,516.43	2,516.43		2,516.43
03/28/2005	Bill	2nd Half Prop 2004	1,849.86	1,849.86		1,849.86
03/28/2005	Bill	2nd Half Prop 2004	216.65	216.65		216.65
03/28/2005	Bill	2nd Half Prop 2004	344.53	344.53		344.53
				Check Amount		4,927.47

Make check payable to:

Marsha Bonham  
Cochise County Treasurer**Due October 1, 2005**

NACO WATER CO

118 02 370 3 118000

Delinquency Date First Half Payment  
Penalty for late payment is 16% per year prorated  
monthly as of the 1st day of the month for  
payments postmarked after 5:00 P.M. November  
1, 2005 (ARS 42-18052 and ARS 42-18053).

Any total property tax of \$100 or less must be paid  
using the first payment coupon—due October 1, 2005.

To pay taxes for the full year, send the 1st half coupon  
with your payment postmarked no later than Dec. 31,  
2005. Delinquent interest will be waived.



Marsha Bonham  
Cochise County Treasurer  
PO Box 1778  
Bisbee, AZ 85803-2778

247.51

495.02



029180237000300000024751

2005 9180237000 1 00000004950200000024751

DETACH AND RETURN WITH PAYMENT

Payment in U.S. FUNDS ONLY

Make check payable to:

Marsha Bonham  
Cochise County Treasurer**Due October 1, 2005**

NACO WATER CO

118 02 373 2 118010

Delinquency Date First Half Payment  
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2005. Delinquent interest will be waived.



Marsha Bonham  
Cochise County Treasurer  
PO Box 1778  
Bisbee, AZ 85803-2778

2,099.63

4,199.26



0291802373002000000209963

2005 9180237300 1 00000041992600000209963

NACO WATER COMPANY, LLC 10/94

P.O. BOX 85160  
TUCSON, AZ 85754  
(520) 623-5172

BANK OF AMERICA

91-170/1221

1632

10/19/2005

PAY TO THE  
ORDER OF

Marsha Bonham, Cochise County Treasurer

\$ \*\*5,395.38

Five Thousand Three Hundred Ninety-Five and 38/100\*\*\*\*\* DOLLARS

Marsha Bonham, Cochise County Treasurer

MEMO

AUTHORIZED SIGNATURE

⑈001632⑈ ⑆122101706⑆ 000003797676⑈

NACO WATER COMPANY, LLC

Marsha Bonham, Cochise County Treasurer

10/19/2005

1632

Date	Type	Reference	Original Amt.	Balance Due	Discount	Payment
10/04/2005	Bill	918 00 200 7 0200	357.45	357.45		357.45
10/04/2005	Bill	918 00 271 3 0271	2,690.79	2,690.79		2,690.79
10/04/2005	Bill	918 02 370 3 2370	247.51	247.51		247.51
10/04/2005	Bill	918 02 373 2 2373	2,099.63	2,099.63		2,099.63
				Check Amount		5,395.38

Payment in U.S. FUNDS ONLY  
Make check payable to:  
**Marsha Bonham**  
Cochise County Treasurer

**Due October 1, 2005**

NACO WATER CO

918 00 200 7 110007

Delinquency Date First Half Payment  
Penalty for late payment is 16% per year prorated  
monthly as of the 1st day of the month for  
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2005. Delinquent interest will be waived.



**Marsha Bonham**  
Cochise County Treasurer  
PO Box 1778  
Bisbee, AZ 85803-2778



029180020000700000035745

357.45

714.90

2005 9180020000 1 00000007149000000035745

DETACH AND RETURN WITH PAYMENT

Payment in U.S. FUNDS ONLY  
Make check payable to:  
**Marsha Bonham**  
Cochise County Treasurer

**Due October 1, 2005**

NACO WATER CO

18 00 271 3 110000

Delinquency Date First Half Payment  
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2005. Delinquent interest will be waived.



**Marsha Bonham**  
Cochise County Treasurer  
PO Box 1778  
Bisbee, AZ 85803-2778



029180027100300000269079

2,690.79

5,381.58

2005 9180027100 1 00000053815800000269079

**NACO WATER COMPANY, LLC** 10/94

P.O. BOX 85160  
TUCSON, AZ 85754  
(520) 623-5172

BANK OF AMERICA

91-170/1221

10/19/2005

1632

PAY TO THE  
ORDER OF **Marsha Bonham, Cochise County Treasurer**

\$ \*\*5,395.38

Five Thousand Three Hundred Ninety-Five and 38/100\*\*\*\*\* DOLLARS

Marsha Bonham, Cochise County Treasurer

Security Features. Details on back.

MEMO

AUTHORIZED SIGNATURE

MP

⑈001632⑈ ⑆122101706⑆ 000003797676⑈

**NACO WATER COMPANY, LLC**

Marsha Bonham, Cochise County Treasurer

10/19/2005

1632

Date	Type	Reference	Original Amt.	Balance Due	Discount	Payment
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10/04/2005	Bill	918 00 271 3 0271	2,690.79	2,690.79		2,690.79
10/04/2005	Bill	918 02 370 3 2370	247.51	247.51		247.51
10/04/2005	Bill	918 02 373 2 2373	2,099.63	2,099.63		2,099.63
				Check Amount		5,395.38